

1401 Main Street, Suite 900



Phone: (803) 737-0800

jnelson@regstaff.sc.gov

Jeffrey M. Nelson
Chief Legal Officer

November 13, 2018

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: South Carolina Electric & Gas Company Request for Approval of a Contract for
Electric Service with Kapstone Charleston Kraft, LLC (Redacted) and Request for
Confidential Treatment
Docket No. 2018-341-E

Dear Ms. Boyd:

By this letter, the South Carolina Office of Regulatory Staff ("ORS") hereby notifies the Public Service Commission of South Carolina ("Commission") that ORS has reviewed South Carolina Electric & Gas Company's ("SCE&G" or "Company") request for approval of a Retail Power Sales Agreement ("Agreement") with Kapstone Charleston Kraft, LLC ("Kapstone").

Kapstone owns and operates a 116.83 MVA steam cogeneration facility ("Generator") at its mill in North Charleston, South Carolina, which Kapstone intends to use to be its primary supplier of electric energy at its North Charleston location. However, Kapstone lacks sufficient capacity to meet all of its electric needs under all conditions. Therefore, under the Agreement SCE&G will act as a secondary backup supplier of energy.

SCE&G will supply firm unscheduled electric power and energy for any shortfall under Rate 23 ("Supplemental Power") and will sell electric power and energy in excess of Supplemental Power on an interruptible and unscheduled "economy" basis. When the Generator is unavailable, SCE&G will sell Kapstone electric power and energy in excess

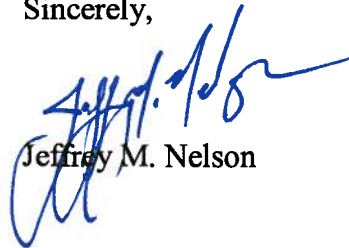
Letter-Jocelyn G. Boyd
Page 2 of 2
November 13, 2018

of Supplemental Power up to the Generator's rated nameplate capacity on an interruptible and unscheduled "standby" basis and will sell electric power and energy in excess of Supplemental Power on a firm and scheduled "maintenance" basis. The Agreement has an effective date of January 1, 2019 and continues for ten years unless terminated sooner in accordance with any applicable provisions of the Agreement.

Based on our review of the information provided, ORS supports the Company's Agreement with Kapstone and has no objection to the request for confidential treatment of certain provisions in the Agreement.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Jeffrey M. Nelson

cc: Joseph Melchers, Esquire
All Parties of Record